

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 INTRODUCTION**

Information technology (IT) is the use of systems especially computers and telecommunication. IT has become and a very important and the basic to ensure and support the business processes in organizations. The shift towards IT acquisitions helps in aligning the business process, aiding the coordination mechanism and supporting transactions. However, there is risk if the alignment of the business process with IT is not handle well.

On the other hand, the presence of information technology indicates that the organizational change is skill-biased. This is due to the foremost reduction of net employment growth rates of unskilled and medium-skilled workers (Bauer and Bender, 2004). Human resource plays an important role in the alignment process especially in the pre-acquisition stage. This is to reduce the post acquisition shocks. Therefore, it is important for us to analyze the effect of organization and technological change to determine the process that will associate with changes. The top management needs to have a clear vision and the understanding on the business strategy to have a good management and control on the information technology.

#### **1.2 PROBLEM BACKGROUND**

The human resource has evolve and undergone huge changes over the last 5 decades. It has transformed many business and even enterprises. The small and medium

enterprises are able to stand the human resource management task without any specialize software, more or less successfully (Misra, 2006). On the other hand, the enterprise which has numerous employees and complex structure are no longer able to do that (Misra, 2006).

The intense competition, the outstanding performance by others, globalization are some the examples of changes that are occurring in the organization nowadays. Due to the intense competition, organization need to keep up by either re-organizing or re-profiling themselves (Mustsaers et al., 1998). Therefore, many organizations are considering implementing information technology to cope up with all these challenges.

The human resource management is multifaceted. It could range from the operational assistance in collecting, storing and preparing data for reports, simplifying and accelerating the process and controlling the available data. A proper manage human resource management could provide a competitive advantage in the industry because the management could focus more on the strategic management rather than focusing on the operational management.

Besides that, the organizations placed customer or clients needs first. Therefore, accuracy, speed and quality are the key element that they focus. By using IT in their human resource management, they could achieve that. One implication is that the nature of work is likely to shift due to the fact that information technology has the potential to change the roles of employees within organizations (Garners et al., 2003). The use of technology has indeed increase the productivity and generates better income for the organization. The large production has increase the economy but there is decrease in the job creation

Nevertheless, it has an impact on the unemployment rate. The traditional bureaucratic structure with many level of management is being replaced by new organization form. This new organizational form emphasize of cross functional teams. Therefore, they need only certain amount of workers compare to the traditional method. On the other hand , the presence of information technology indicates that the organizational change is skill-biased .This is due to the foremost reduction of net

employment growth rates of unskilled and medium-skilled workers (Bauer and Bender, 2004). The top management needs to have a clear vision and the understanding on the business strategy to have a good management and control on the information system.

### **1.3 PROBLEM STATEMENT**

The information technology has increase rapidly across the world because it plays an important role. The role includes the communication, inventory management, data management, management information system and customer relationship management. There are numerous changes in terms of social and organizational in the economic environment. Therefore, the human resource management needs to be up to date whether in quality, speed, flexibility and the upcoming trends. These entire factors could determine the success of a business. The use of information and communication technology has become an imperative for the human resource management (Dusmanescu and Bradic-Martinovic, 2011).

When an organization is too big or too complex, it is tough monitor. Therefore, technology is being applied into the human resource management to solve this problem. Companies, regardless of the size, have been implementing technology into their organization (Dusmanescu and Bradic-Martinovic, 2011). By doing so, information technology could cause employees to lose their job because it has streamlined the process and creating job redundancies, downsizing and outsourcing. Lower and middle level jobs are more affected because the information technology has replaced their position. Therefore, more people became unemployed.

In conclusion, the fast pace growth of information technology offers us more ways to conduct a business that are way different from the past. This shows that information technology has the potential to change the roles of employees within organizations (Gamers et al., 2003). It is important for us to analyze the effect of organization and technological change to determine the process that will associate with changes. The changes that occurs could have different type of implication such as increase in job destruction for unskilled labor, decrease in job creation for unskilled labor or the employ of latest technology is for the skilled workers whereas the unskilled workers are unaffected (Bauer and Bender, 2004). The main concern of the most of the